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6 BEFORE THE WASHINGTON STATE
7 OFFICE OF THE INSURANCE COMMISSIONER
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9 In the Matter of the Application regarding the
10 Conversion and Acquisition of Control of
Premera Blue Cross and its Affiliates,

No. G02-45

11
12 DECLARATION OF JEAN COLMAN

13 Washington Citizen Action, Welfare Rights
14 Organizing Coalition, American Lung
15 Association of Washington, Northwest
16 Federation of Community Organizations,
17 Northwest Health Law Advocates, Service
Employees International Union Washington
State Council, The Children's Alliance,
Washington Academy of Family Physicians,
Washington Association of Churches,
Washington Protection and Advocacy System
and Washington State NOW,

18 Applicants for Intervention.
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21 I, Jean Colman, declare:
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DECLARATION OF JEAN COLMAN - 1

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Seattle, WA 98104
(206) 464-5933

- 1 1. I am the Executive Director of the Welfare Rights Organizing Coalition (WROC). I
2 have lead WROC since 1987.
- 3 2. WROC is a statewide organization of low-income parents and their children.
4 WROC's mission and purpose is to work towards economic and social justice by
5 empowering low-income parents, especially those who are receiving public
6 assistance, to affect positive changes in their lives and their communities. WROC has
7 over 2200 members statewide.
- 8 3. Based upon information and belief, many of WROC's members are enrolled in the
9 Medicaid Healthy Options program. Based upon information and belief, some of
10 WROC's members are enrolled in Premera through Healthy Options. All of WROC
11 members who are enrolled in Healthy Options, whether they choose Premera or
12 another health carrier, will be significantly impacted by the Premera conversion if the
13 transaction results in changes to Premera's involvement in the Medicaid Healthy
14 Options program.
- 15 4. Healthy Options is a Washington state program authorized through a federal §
16 1915(b) Medicaid waiver that permits the state to require some Medicaid recipients,
17 typically parents and children who are on the Temporary Assistance to Needy
18 Families (TANF) program, to enroll in managed care coverage with private,
19 contracting health carriers. Healthy Options helps to ensure that Medicaid consumers
20 have the same access to health care providers as other kinds of consumers. Under
21 Healthy Options, participants are guaranteed a primary care provider as well as access
22 to specialty care, conveniently located pharmacies, and a full range of other health
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1 services. Before Healthy Options, many Medicaid consumers, especially people in
2 rural areas, had difficulty finding health care providers who would accept Medicaid
3 coverage. Many Medicaid consumers would have to drive long distances, and
4 experience long waits to get care. Healthy Options helps to solve these specific
5 access to health care barriers faced by Medicaid enrollees.

- 6 5. Because Healthy Options requires mandatory enrollment of some Medicaid
7 consumers, waiving those Medicaid consumers' "freedom of choice" under 42 USC
8 1396a(a)(23), the federal government requires Washington state to ensure that
9 Healthy Options participants always have a choice of at least two health carriers. If
10 there is only one available health carrier, Healthy Options enrollees may be forced to
11 give up their managed care enrollment, and lose the enhanced access to health care
12 they experience in Healthy Options. For example, Medicaid consumers in Yakima
13 experienced this loss when Regence Blue Shield pulled out of the Healthy Options
14 program.
- 15 6. In some counties, Premera is the only carrier, or one of only two health carriers
16 participating in Healthy Options (Kittitas, Ferry, Pend Oreille, Stevens, and Pacific).
17 If, after conversion, Premera withdrew from any of these counties, the Healthy
18 Options program in those counties would be jeopardized. Accordingly, Premera's
19 continued participation in the Healthy Options program is critical for ensuring
20 adequate access to health care through Healthy Options for many WROC members.
- 21 7. Based upon information and belief, some of WROC members are enrolled in the
22 Basic Health Plan (BHP). The BHP provides state subsidized private health coverage
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1 to low-income individuals and families who are not eligible for Medicaid. Premera
2 also participates in the BHP. Any changes in Premera's participation in the BHP as a
3 result of the proposed conversion will impact WROC's BHP members, whether they
4 are enrolled in Premera or another plan.

- 5 8. WROC low-income members are further impacted by the proposed Premera
6 conversion because their members may significantly benefit from the creation of a
7 health foundation dedicated to addressing unmet health care needs in Washington
8 state. Many WROC members are low-income working parents with inadequate or no
9 health coverage. WROC members may be one of the main constituencies served by
10 any foundation formed as a result of the conversion. WROC members have a
11 significant interest in ensuring that Premera fully divests itself of all the nonprofit
12 assets it holds, and that it relinquishes all control of those assets as part of the
13 conversion. WROC members are opposed to the use of the proceeds from the
14 conversion for lobbying or other activities on behalf of the interests of health insurers.
- 15 9. If full intervention status is granted, WROC, together with the other ten consumer and
16 provider organizations that have jointly sought intervention status, plans to obtain a
17 study of the health impact of the proposed Premera conversion on Washington state
18 consumers. WROC anticipates that the health impact study will consider the
19 potential impact of the conversion on access to care in Medicaid, the Basic Health
20 Plan and for low-income rural health consumers. The health impact study will
21 require discovery regarding Premera's current and future business operations.
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1 10. WROC, through its attorney, has substantial expertise and knowledge regarding
2 health care conversion issues. WROC's attorney, Eleanor Hamburger, of Columbia
3 Legal Services, has been working on health care conversion issues since 1994, when
4 she helped start Consumers Union's national project on conversions, working on
5 health care conversion transactions in California, Missouri, New Jersey, and Ohio,
6 among others. Ms. Hamburger has previously represented WROC on conversion
7 issues, analyzing the proposal by Regence to affiliate with the Health Care Services
8 Corporation, which was withdrawn in the face of consumer opposition, and testifying
9 at the Washington State Legislature on conversion issues. Ms. Hamburger has co-
10 authored several articles and reports on health care conversion topics, *Blue Cross*
11 *Conversions: Consumer Efforts to Protect the Public's Interests*, 74 Bulletin of the New York
12 Academy of Medicine 256, Winter 1997; *Is Wellpoint Singing the Idaho Blues? A History of*
13 *Wellpoint Health Networks in California and Its Proposed Joint Venture With Blue Cross of*
14 *Idaho*, Idaho Citizens Network, June 1997; *The Pot of Gold: Monitoring Health Care*
15 *Conversions Can Yield Billions of Dollars for Health Care*, 29 Clearinghouse Review,
16 August-September 1995.

17 I certify and declare under penalty of perjury under the laws of the State of Washington
18 that the foregoing is true and correct.

19 DATED this ____ day of November, 2002 in Seattle, Washington.

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Jean Colman